

Attachment 6A - Elimination Process

The DFAS components and USACE need to **ensure proper recording** of advances, accounts payable, expenses, unearned revenue, accounts receivable, revenues and transfers for **intra-DoD trading partners**, as well as for business conducted with **trading partners outside DoD (Level 1)**. There are substantial differences that exist between the Level 1 balances recorded by DoD and those reported by the other Federal agencies within Treasury's Intragovernmental Reconciliation and Analysis System (IRAS). Please ensure that these differences are due to "true" **reporting differences** and not **reporting errors** due to data input errors when entering the information into the DDRS.

See Attachment 06B for information on elimination adjustment entries.

A summary of the FY 2006 intragovernmental elimination process is shown in the table below.

Please direct any questions you have to Matthew Cox at (317) 510-7836 or matthew.cox@dfas.mil.

Note: The table below discusses documentation to be kept in support of entries processed. It is not to be misconstrued that elimination adjustments are by default considered supported for purposes of the Unsupported Accounting Entries Metric. If detail support at the transaction level does not exist for these adjustments, then they are still unsupported for purposes of that metric.

Steps	Required Action	Presentation - Where Data is Displayed
1. After allocating supported undistributed collections and disbursements between public and federal receivables, the DoD accounting centers input Seller-side information for level 2 and 3 transactions (including Transfer-out information) into the Defense Departmental Reporting System – Audited Financial Statements (DDRS-AFS). Note: Refer to attachment 6D for exceptions when reporting activity with waived buyers.	The DoD reporting entities shall exchange summarized trading partner data via DDRS-AFS and according to instructions sent out by the Agency Wide AFS Directorate. The DoD accounting centers will reconcile summary level account balances.	The worksheets and documents used to prepare DDRS-AFS input provide support for the financial statements reporting process and shall be retained as support by the accounting office.
2. The DoD accounting centers post summary level buyer-side adjustments for the unrecorded portion of reimbursable related balances to ensure intra-DoD buyer-side balances agree with seller-side balances in DDRS.	Use the summary level adjustments to the buyer-side records.	Worksheets and journal vouchers shall be retained as support by the accounting office.

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<p>3. Agencies are required to reconcile with the Fiduciary partners. Fiduciary partners include the Bureau of Public Debt (BPD) (investments and borrowings), Federal Financing Bank (FFB) (borrowings), Department of Labor (DOL) Federal Employees' Compensation Act (FECA), and the Office of Personnel Management (OPM) (health, life and retirement benefits).</p> <p>The Agency Wide AFS Directorate will report balances to OPM and DOL while the DoD Centers report balances for transactions with the BPD and FFB in the Intragovernmental Fiduciary Confirmation System (IFCS).</p> <p>Agency Wide AFS Directorate will report information on intragovernmental fiduciary balances with OPM (employee benefits) and the DOL (FECA) to the DoD accounting centers. The DoD accounting centers will report information on intragovernmental transactions with BPD on Investments and Borrowings and FFB for Borrowings to the Agency Wide AFS Directorate.</p> <p>Reference document: "Federal Intra-governmental Transactions Accounting Policies and Guide" (Web site address at: http://fms.treas.gov/irri/regs/guide-06-30-05.pdf)</p>	<p>The DoD reporting entities will report intragovernmental fiduciary transaction balances with the BPD and FFB to the Agency Wide AFS Directorate.</p> <p>The DoD reporting entities will reconcile these amounts in the Treasury IFCS for Treasury investments and borrowings with BPD and FFB borrowings.</p> <p>The Agency Wide AFS Directorate reconciles OPM employee benefits and DOL FECA in IFCS.</p> <p>The accounting centers are to ensure that amounts in the trial balances <u>match confirmed amounts</u> for all fiduciary partners.</p>	<p>The amounts will be displayed in the Required Supplementary Information Section within DDRS and also by various queries within DDRS.</p> <p>Amounts are reconciled in IFCS and any differences will be identified in the reports from the Treasury's Intragovernmental Reconciliation and Analysis System (IRAS) reports.</p> <p>Documentation supporting amounts reported will be retained as support.</p>

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4. The DoD accounting centers report both buyer and seller sides of other intragovernmental balances (level 1 other than fiduciary) in DDRS.	If level 1 balances are not readily available, amounts are to be estimated. Amounts will be reported to DFAS accounting center representatives to load detail buyer and seller balances into DDRS.	Amounts will be displayed in the Required Supplementary Information Section within DDRS. Amounts are also available by various queries within DDRS. Differences between DoD and other Federal partners will be identified in the IRAS reports. Documentation supporting amounts reported will be retained as support.
5. The Agency Wide AFS Directorate will send "F" trial balances (trial balances for all accounts with Federal attributes and detail trading partner identification) to Treasury.	Prepare the "F" trial balances from DDRS and send to Treasury via email.	Following receipt and processing of the "F" balances via email, Treasury will return IRAS pre-load reports. The Agency Wide AFS Directorate will review and confirm that information in the pre-load reports is correct.
6. The Agency Wide AFS Directorate will receive IRAS reports and the Material Differences/Status of Disposition of Identified Differences Report. Agency Wide AFS Directorate personnel will distribute the IRAS report to designated points of contact at the reporting entities. Agency Wide AFS Directorate will prepare and submit the CFO Status of Disposition Certification to Treasury by the required due date. Reference Treasury Financial Manual, Volume 1, Part 2, Chapter 4700 at Web site: http://fms.treas.gov/factsi/vol1/v1p2c470.pdf	Responsible points of contact must work to reconcile material differences with their partners and report explanations for differences, and any corrections, to the Agency Wide AFS Directorate. The Agency Wide AFS Directorate will complete and submit the CFO Status of Disposition Certification to the Treasury.	Data is displayed in IRAS reports, Material Differences/Status of Disposition of Identified Differences Report, and Treasury consolidated Material Differences Report.
7. Annual Requirement at FYE only: Federal Agencies' Centralized Trial-Balance System (FACTS) I Reporting. Ensure trading partner attributes (e.g., Government, Treasury Index) are correctly reconciled and submitted. Reference document: Treasury Financial Manual, Volume 1, Part 2, Chapter 4700 at Web site: http://fms.treas.gov/factsi/vol1/v1p2c470.pdf	Prepare DoD FACTS I trial balance from the same trial balance used to prepare DoD financial statements. Identification of Budget Function Codes in trial balance submission is required. Submit data into FACTS I module of the Treasury Government On-Line Accounting Link System (GOALS).	Data is displayed in FACTS I and Governmentwide Reporting System (GFRS) Module 10 of Treasury the Government On-Line Accounting Link System (GOALS).
8. Annual Requirement at FYE only: Agency Wide AFS Directorate enters Federal (level 1) trading partner details into Governmentwide Financial Reporting System (GFRS).	Using reports from DDRS, input trading partner balances into GFRS. All non-verifying agency trading partner data will be summed and reported as TI 95 for GFRS.	Reports are available within GFRS.

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9. Annual Requirement at FYE only: Agency Wide AFS Directorate submits CFO Representation for Intragovernmental Activity and Balances and Closing Package Comparative Status of Disposition Report to Treasury, GAO and IG, DoD by the specified due date. Reference document: Treasury Financial Manual, Volume 1, Part 2, Chapter 4700 at Web site: http://fms.treas.gov/factsi/vol1/v1p2c470.pdf	Prepare CFO Representation for Intragovernmental Activity and Balances, obtain CFO signature. Using Closing Package Comparative Status of Disposition Report received from Treasury, provide explanations for differences between GFRS trading partner submission and IRAS submission.	Reports are available within GFRS. Closing Package Comparative Status of Disposition Report received from Treasury.